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In September 1951 the Chinese Communists were facing an extreme shortage of foreign exchange and as a consequence, the volume of imports had greatly diminished since August. In early October a Swiss firm, as agents of the Chinese Communists, ordered large quantities of military supplies and machine tools from Europe and this drain made foreign exchange particularly short. Consequently, applications for foreign exchange made by ordinary merchants were shelved. For the immediate future there is little hope of new foreign exchange grants to cover imports except for those directly handled by the government, and unless there is a change in these conditions, importers and exporters, both in China and elsewhere, will find great difficulties in doing business.

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Comment. [redacted], an independent source reported that Chinese Communist trading in Macao was to be closed down during November 1951. According to the course of that report, leading Macao businessmen attributed the closure to a lack of foreign exchange.

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